

AMENDED IN ASSEMBLY AUGUST 25, 2015

**SENATE BILL**

**No. 104**

---

**Introduced by Committee on Budget and Fiscal Review**

January 9, 2015

---

~~An act relating to the Budget Act of 2015.~~ *An act to amend Sections 89724 and 89725 of, and to add Section 89726 to, the Education Code, relating to the California State University.*

LEGISLATIVE COUNSEL'S DIGEST

SB 104, as amended, Committee on Budget and Fiscal Review.  
~~Budget Act of 2015.~~ *California State University: fees: investments.*

*Existing law authorizes the Treasurer or chief fiscal officer of a campus of the California State University to invest certain money received by the California State University in eligible securities and in investment certificates or withdrawal shares in federal or state credit unions doing business in this state as long as any money invested in this manner is fully insured by the National Credit Union Administration.*

*This bill would authorize the Treasurer or chief fiscal officer of a campus of the California State University to invest certain of those moneys in mutual funds subject to registration by, and under the regulatory authority of, the United States Securities and Exchange Commission, or in real estate investment trusts. The bill would impose specified requirements on the Trustees of the California State University relating to those types of investments.*

*Existing law establishes the California State University Special Projects Fund, which consists of grants, revenues, and funds for the operation, support, and development of research, workshops, conferences, institutes, and special projects in the California State*

*University. Existing law authorizes the Treasurer to invest money from the fund in eligible securities.*

*This bill would authorize the Treasurer or chief fiscal officer of a campus of the California State University to invest the money in the California State University Special Projects Fund in mutual funds subject to registration by, and under the regulatory authority of, the United States Securities and Exchange Commission, or in real estate investment trusts.*

*This bill would limit the total amount invested in these mutual funds and real estate investment trusts to specified amounts for each fiscal year, until, commencing with the 2019–20 fiscal year, up to 30% of that money could be invested in these asset categories.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 89724 of the Education Code is amended  
2     to read:

3     89724. (a) All money received in accordance with the  
4     following shall be appropriated for the support of the California  
5     State University in addition to other amounts as may be  
6     appropriated by the Legislature:

7     (1) All money received from the sale of California State  
8     University publications.

9     (2) All money received under an agreement entered into  
10    pursuant to Section 89036.

11    (3) Except as to the fees and charges specified in subdivisions  
12    (g) and (h) of Section 89721, all money collected as fees from  
13    students of the California State University and received from other  
14    persons under Sections 89030, 89036 to 89039, inclusive, 89700,  
15    89705, 89708, 89709, 89720, and 89721, and money received  
16    pursuant to Section 2080.8 of the Civil Code.

17    ~~(a)~~

18    ~~(b) All money received from the sale of publications pursuant~~  
19    ~~to Section 90500, all money received under an agreement entered~~  
20    ~~into pursuant to Section 89036, and, except as to the fees and~~  
21    ~~charges specified in subdivisions (g) and (h) of Section 89721, all~~

1 money collected as fees from students in any state university and  
2 from other persons under Section 89030, Sections 89036 to 89040,  
3 inclusive, and Sections 89700, 89705, 89708, 89709, 89720, and  
4 89721, and by reason of Section 2080.9 of the Civil Code, is hereby  
5 appropriated for the support of the California State University in  
6 addition to such other amounts as may be appropriated therefor  
7 by the Legislature. Money received under Sections 89720 and  
8 89721, or received by reason of pursuant to Section 2080.9 2080.8  
9 of the Civil Code, is appropriated pursuant to subdivision (a)  
10 without regard to fiscal year. Money received by reason of pursuant  
11 to Section 2080.9 2080.8 of the Civil Code shall be used for student  
12 scholarships and loans pursuant to any regulations the trustees  
13 shall provide, and while held pending the grant of a scholarship  
14 or loan, may be invested by the Treasurer upon approval of the  
15 trustees, in those eligible securities listed in Section 16430 of the  
16 Government Code. All interest or other earnings received pursuant  
17 to such that investment shall also be used for those scholarships  
18 and loans. Money received by reason of pursuant to Sections 89720  
19 and 89721 may be invested, upon approval of the trustees, by the  
20 Treasurer or by the chief fiscal officer of a campus of the California  
21 State University, in those eligible securities listed in Section 16430  
22 of the Government Code Code. Money received pursuant to Section  
23 2080.8 of the Civil Code, may be invested, upon approval of the  
24 trustees and in investment certificates or withdrawal shares in  
25 federal or state credit unions which are doing business in this state  
26 and which have their accounts insured accordance with Section  
27 89726, by the National Credit Union Administration. Any money  
28 so invested or deposited shall be invested or deposited chief fiscal  
29 officer of a campus of the California State University, in  
30 certificates, shares, mutual funds subject to registration by, and  
31 under the regulatory authority of, the United States Securities and  
32 Exchange Commission, or accounts fully covered by the insurance.  
33 in real estate investment trusts. All interest and other earnings  
34 received pursuant to the investment of money received by reason  
35 of pursuant to Sections 89720 and 89721 shall also be used for  
36 such purposes as may be established by the trustees consistent with  
37 the terms and conditions of the gift, bequest, devise, donation, or  
38 agreement under Sections 89720 and 89721. Except as otherwise  
39 provided with respect to money received by reason of pursuant to  
40 Section 2080.9 2080.8 of the Civil Code and Sections 89720 and

1 ~~89721 of this code~~, 89721, all money received pursuant to this  
2 section shall augment the support appropriation to the California  
3 State University for the fiscal year to which the collections apply.

4 ~~(b)~~

5 (c) All money received from the sale or the disposition of real  
6 property acquired by or on behalf of a ~~particular state university~~  
7 *campus of the California State University* by gift, devise, or  
8 donation pursuant to Section 89720 or pursuant to the predecessor  
9 of that section is hereby appropriated to the trustees for expenditure  
10 for capital outlay for the acquisition and improvement of real  
11 property for the ~~particular state university~~, *campus*, in addition to  
12 any other amounts appropriated ~~therefor~~ by the Legislature. All  
13 money received from the sale or other disposition of personal  
14 property, other than money, acquired by or on behalf of a ~~particular~~  
15 ~~state university~~ *campus of the California State University* by gift,  
16 bequest, or donation pursuant to Section 89720 or ~~pursuant to the~~  
17 predecessor of that section is hereby appropriated to the trustees  
18 for expenditure for capital outlay for, or the acquisition and  
19 improvement of real or personal property for, the ~~particular state~~  
20 ~~university~~, *campus*, in addition to other amounts appropriated  
21 ~~therefor~~ by the Legislature. No money shall be expended by the  
22 trustees under this subdivision without the approval of the Director  
23 of Finance. The money shall augment the support or capital outlay  
24 appropriation of the California State University current at the date  
25 of issuance of the Controller's receipt ~~therefor~~ as may be designated  
26 by the trustees prior to their deposit in the State Treasury.

27 *SEC. 2. Section 89725 of the Education Code is amended to*  
28 *read:*

29 89725. (a) Notwithstanding any ~~other provision of law to~~  
30 the contrary, grants, revenues, and funds of any nature received  
31 by the trustees for research, workshops, conferences, institutes,  
32 and special projects from the state, federal government, local  
33 government, or private persons, may be transmitted to the Treasurer  
34 and, if transmitted, shall be deposited in the ~~State Treasury to the~~  
35 ~~credit of the California State University Special Projects Fund,~~  
36 ~~which fund is hereby created.~~ *established in the State Treasury.*

37 (b) All ~~such~~ grants, revenues, and funds *deposited in the*  
38 *California State University Special Projects Fund* are ~~hereby~~  
39 appropriated without regard to fiscal ~~years~~ year to the trustees for  
40 the operation, support, and development of research, workshops,

conferences, institutes, and special projects in the California State University.

(c) Provision shall be made by the trustees for reimbursements to the General Fund for the cost of space and services furnished to projects funded by the California State University Special Projects Fund.

(d) Notwithstanding any ~~other provision of the law to the~~ contrary, the trustees shall have authority to establish the rules and procedures under which the fund shall operate. All expenditures shall be made in accordance with the rules and procedures, without prior approval of the Department of General Services or the Department of Finance. ~~All expenditures shall receive an annual postaudit by the Audits Division of the Department of Finance. This requirement for an annual postaudit shall be effective until July 1, 1992. On and after July 1, 1992, the expenditures~~ Expenditures from the fund shall be audited as frequently as the Audits Division of the Department of Finance deems appropriate.

#### **Moneys**

(e) (1) *Except as provided in paragraph (2), moneys in the California State University Special Projects Fund may be invested by the ~~Treasurer, Treasurer or by the chief fiscal officer of a campus of the California State University,~~ upon approval of the trustees ~~trustees, only in those~~ eligible securities listed in Section 16430 of the Government Code. ~~All interest or other earnings received pursuant to those investments shall be collected by the Treasurer and shall be deposited in the State Treasury to the credit of the California State University Special Projects Fund.~~*

(2) *Money received pursuant to Section 2080.8 of the Civil Code, may be invested, upon approval of the trustees and in accordance with Section 89726, by the Treasurer or by the chief fiscal officer of a campus of the California State University, in mutual funds subject to registration by, and under the regulatory authority of, the United States Securities and Exchange Commission, or in real estate investment trusts. All interest or other earnings received pursuant to those investments shall be collected by the Treasurer and shall be deposited in the fund.*

SEC. 3. Section 89726 is added to the Education Code, to read:

89726. (a) (1) *The trustees may invest in securities or investments not listed in Section 16430 of the Government Code*

1 *only if the trustees have established a committee to provide advice*  
2 *and expertise on investments.*

3 *(2) A majority of the members of the committee shall be*  
4 *individuals who have investment expertise and who are not trustees.*

5 *(3) The trustees shall allow the Treasurer to serve as a member*  
6 *of the committee or to appoint a deputy treasurer to serve as a*  
7 *member of the committee.*

8 *(b) The total amount invested in securities or investments not*  
9 *listed in Section 16430 of the Government Code shall not exceed*  
10 *the following amounts:*

11 *(1) In the fiscal year ending June 30, 2017, two hundred million*  
12 *dollars (\$200,000,000).*

13 *(2) In the fiscal year ending June 30, 2018, four hundred million*  
14 *dollars (\$400,000,000).*

15 *(3) In the fiscal year ending June 30, 2019, six hundred million*  
16 *dollars (\$600,000,000).*

17 *(4) In the fiscal year ending June 30, 2020, and each fiscal year*  
18 *thereafter, thirty percent of all moneys invested pursuant to*  
19 *Sections 89724 and 89725.*

20 *(c) (1) The trustees shall receive an investment performance*  
21 *report quarterly and distribute an annual report to the Legislature,*  
22 *in compliance with Section 9795 of the Government Code, and the*  
23 *Department of Finance.*

24 *(2) The investment performance reports shall include investment*  
25 *returns, comparisons to benchmarks, holdings, market values, and*  
26 *fees.*

27 *(d) Any additional moneys earned through investments in*  
28 *securities or investments not listed in Section 16430 of the*  
29 *Government Code shall be used only for capital outlay or*  
30 *maintenance.*

31 *(e) The trustees shall not submit a request to the Department*  
32 *of Finance or the Legislature for any funds to compensate for*  
33 *investment loss resulting from investments in securities or*  
34 *investments not listed in Section 16430 of the Government Code.*

35 *(f) The trustees shall not cite investment loss resulting from*  
36 *investments in securities or investments not listed in Section 16430*  
37 *of the Government Code to justify approval of an increase in*  
38 *student tuition or fees.*

1     ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
2     ~~changes relating to the Budget Act of 2015.~~

O